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ABSTRACT

This paper discusses four arguments for full State funding of schools: (1) the State is the logical and legal governmental unit to guarantee equal educational opportunity and program adequacy, (2) the State can command revenues through a variety of taxes whereby districts are generally limited to property taxes, (3) students in sparsely settled school districts and those of low socioeconomic levels would receive better programs of curricular offerings, and (4) efficiency and economy in the collection and distribution of tax revenues would eliminate the numerous collection and assessment offices at local levels. After pointing out several administrative weaknesses in these arguments, the author concludes that the idea of full State funding has not yet come of age. (Author/JF)

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# Should Each State Assume Full Responsibility for Financing Public Education

Remarks of James A. Hazlett, Adm. Dir., National Assessment Program
AASA Section Meeting - Tuesday, February 22, 2:30 p.m.

The idea that public schools should receive all their operating funds from state appropriations has been discussed with increasing interest among educators and state legislators during the last three or four years. Both Dean Alan Thomas of the University of Chicago and our own chairman, Dr. Rudiger, have written papers and have used the phrase that "full state funding has come of age." My reaction is that the baby has been born but that it is going to take loving care and some maturation in the visisitudes of life before it has fully come of age, ready to assert itself with strength against archaic and traditional practices of school financing.

During the Annual Meeting of the Education Commission of the States in 1968, James Bryant Conant introduced the idea at a luncheon session and called it a "radical" idea. He indicated that he had always been a supporter of school localism, including substantial local funding until his studies of the American High School showed him vast inequalities that existed among school districts in the same state. In the same speech he suggested that an investigation of full state funding was a proper pursuit for the Commission.

Good, logical ideas from the profession often gain little acceptance unless political leadership grabs hold of them and translates them into an effective structure which is espoused with fervor and strategy. Parenthetically, it is interesting to note that the idea of a state educational compact was an idea proposed in Dr. Conant's book, Shaping Educational Policy and also that it was the Governor of North Carolina, Terry Sanford,

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who planned the mechanism which resulted in the formation of the Education Commission of the States and that it is the state legislatures which maintain the Compact.

The interest in full state funding has increased since a governor proposed to his state legislature that the schools in their state should be basically financed from state moneys. A political leader, Governor Milliken of Michigan, grabbed hold of an idea and not only educators but politicians are beginning to discuss it. The Steering Committee of the Commission has developed an interest in the idea and has authorized the ECS staff to consider a study of full state funding with particular reference to the consequences of the idea on the governance of education. The so-called Big Six in Education--the National Education Association, the American Association of School Administrators, the Chief State School Officers, the National Congress of Parents and Teachers, the National School Boards Association, and the National Association of State Boards of Education--have agreed that such a study should be undertaken.

Yes, we can agree that full state funding probably is a good idea; but, so what? and under what conditions?

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The arguments behind full state funding of schools are impressive and logically conclude the superiority of such a policy in contrast to the present practice of mixed funding with a major responsibility resting on local tax efforts.

Let's take a brief look at these arguments.

1. The first I quote from a paper of Dr. Thomas: "The rationale for full state funding depends on the fact that there are gross inequalities

of educational opportunity among the youth of the state because of the wide variation in resources among the school districts of the state." This concept of inequality is a fundamental argument. Inequality of educational opportunity manifests itself in the following ways:

a) In terms of per pupil expenditures. We all know of school districts with limited wealth which tax themselves more heavily than a neighboring district but are unable to spend as much money per pupil.

b) In terms of program. Low-expenditure districts, even with comparatively high tax rates, cannot provide enrichment or remedial programs, classes for the handicapped, or innovative experimentation. Oftentimes, these districts have a high proportion of pupils who need special attention.

c) In terms of teachers salaries. Disparity in teachers' salaries, determined principally by resource levels, contribute to the quality of teaching, high turnover among faculties, age distribution of faculties, the ease of recruiting new teachers.

2. In addition to inequality of educational opportunity for young people in school, there is an inequality with respect to the taxpayer within a district and between districts. This inequality is expressed in two ways. First, the major burden of school support at the local level rests on the owner of real property. Whereas at one time, long ago in the past, real estate was the principal form of wealth and local taxes were designed to get at that form of wealth--this condition no longer exists. Real estate taxes have long been considered a regressive tax. More sensitive and more productive sources of revenue have been preempted by other governmental jurisdictions, and the schools are locked in by law

to an antiquated tax base. There is considerable evidence that a saturation point has been reached in the taxing of real estate. Real estate as a base of major school support puts a great burden on low income home owners and especially older people on fixed incomes who are trying to keep ahead of general inflationary costs. In my home town, where I served as superintendent, it was estimated that 20% of the eligible voters were over age 65. And did they vote on school tax increases?

Aside from the intrinsic limitations of the real estate tax, disparity at the local level exists between districts. In a district with relatively low total assessed valuation, composed of homes and poor farms, and lacking in industry, a homeowner of house assessed at a certain figure may pay considerably more taxes than a person in another district with a house assessed at the same amount.

3. Dr. Rudiger, in his paper on full state funding, has stated that the inequities resulting from local funding has hindered the elimination of non-operating districts and the consolidation of small ineffective districts. I quote his statement: "The area with few students and great property wealth is reluctant to become a part of a consolidation which will increase local taxes. The other districts in such a consolidation would benefit by the increased tax base and the large student body. However, the spectre of higher taxes is often an effective bar to a much needed consolidation."

The three arguments I have reviewed are critical of the widely prevalent practice of substantial local funding. Let's take a minute to look at the arguments that give positive support to the concept of full state funding; or, to borrow a phrase from one writer on the subject, to

arguments for a system would provide "efficiency, adequacy, and equity."

1. The state is the logical and legal governmental unit to guarantee equal educational opportunity and program adequacy. Under our theory of government, education is a state responsibility, and the fact that most states have delegated actual support and operation to their statutorily created school districts or municipalities does not absolve them from their responsibilities for education. It is predicted by some students of school finance that if legislatures do not recognize these responsibilities the courts under the equal protection clause of the Fourteenth Amendment may mandate equal educational opportunity for all students regardless where they live.

2. The state can command revenues through a variety of taxes whereby school districts are generally limited to property taxes. Full state funding can relieve real estate taxpayers where local taxes are high; it could conceivably lower such taxes generally across the state; and if it increases its own tax on real property, which on the average is very low, it could at the same time assure equitable treatment of taxpayers throughout the state.

3. Students in sparsely settled school districts and those of low wealth, because of probable greater per pupil expenditures, should receive a better program of curricular offerings and special services. Opportunities for special education and vocational education would be available to all. School districts would have equal access to resource centers, pupil services.

4. Boards of education and school administrators would be freed from running tax campaigns and could devote more time to instructional problems. The likelihood of uniform state salaries would cut down on the competition

for teachers and eliminate time spent in negotiation on salary and welfare matters. It is generally argued that the control of personnel hiring, selection of textbook and curriculum materials, formulation of educational philosophy and general policy development would remain with the local board.

5. Efficiency and economy in the collection and distribution of tax revenues would result in a central-state system, eliminating the numerous collection and assessment offices at local levels.

It is difficult to find flaws in these general propositions that support full state funding but problems and issues have arisen and will continue to arise as this concept is pushed into legislative halls. I would like to identify some of them.

1. The question of governance, control, and direction will be a major issue. The idea of local control of schools is often described as a unique strength of the American public school system. And yet many observers point out that local control is largely a myth and that real direction of a school or school systems resides, often subtly, in a mixture of local, state, federal and external non-governmental forces and that local boards in their policy formulation and decision-making roles really react to or abide by controls imposed on them. State governments have regulatory and accreditation structures, and often fiscal requirements before state aid is available. These already present a tight framework in which local boards operate. The direction a district takes in vocational education, or compensatory programs is conditioned by federal incentives and standards. Textbooks often direct curricular programs and emphasis. National teacher organizations lead to demands which a local teachers group did not originate. To be sure, boards do have in many situations

some choices among alternatives and particularly they can build programs beyond imposed minimum essentials; they can hire teachers, often adopt textbooks, provide special reviews, operate summer and night schools, etc.

The question is not whether local boards will lose control, but how much more control will they lose. Yet, the discussions on the subject in the political forum will be emotionally toned as if something the board does not possess will be lost.

2. Consider this issue of governance and possible surrender of local power at a time when community control and decentralization are popular considerations as means of making education more relevant and more responsive to the people. Our traditional reasons for school consolidation is to provide fiscal and program equality; community control and decentralization are forces motivated likewise for program improvement. I am not arguing that full state funding will necessarily diminish local direction, but I am saying that this is an issue that must be confronted.

3. Another factor suggested as a technique to provide more opportunity program-wise is the creation of intermediate districts with boards and administrators composed of existing small districts, which would provide such programs as special education or vocational education, and curriculum and resource services, centralized purchasing and accounting, etc. Such districts can better provide these services than the smaller ones, but what does this do to control at the local level?

4. I think that full state funding needs to be evaluated in terms of the present mood for accountability. In ECS we are acutely aware of the public and legislative mood that more dollars will have to wait until there is hard evidence to show the quality of learning. At the same time that

the Michigan legislature was wrestling with Governor Milliken's proposal for full state funding it was mandating an immediate state testing program with results correlated to certain input variables. A recent news item from the Idaho Statesman bears the headline, "Panel to Examine Possibility of State Funding All Schools." And then a legislator is quoted as saying,"'Everybody feels strongly that students of this state should have equal opportunity' for an education. But he said the legislature cannot act intelligently toward assuring this until it knows where the dollars go. Another legislator said, 'All this is done with a view to reducing property taxes.'"

The question I ask is this, will sincere efforts to introduce full state funding be tied to a plan to see that districts meet certain standards on evaluation instruments. If there is now a critical look at increasing appropriations on a partial funding basis until an assessment program is instituted, will there not be a stronger disposition to scrutinize educational outcomes if the state is going to pay the total bill?

I don't want to be misunderstood. I believe in the necessity for measuring educational outcomes, and I believe in being accountable for dollars spent. I wouldn't be with the National Assessment Program if I didn't. But I know that assessment models cannot be wrought overnight, that the control of variables in social science research is difficult, that the art of educational measurement has limitations. Yet, there are many people who have a simplistic notion about accountability tools.

This issue I am raising also has a bearing on the general problem of governance.

5. I think that full state funding also has to be considered along with the present mood of resisting increases in taxes. We hear about improving education not by adding dollars to budgets but by reforming practices within existing dollar allocations or even reduced allocations. Full state funding may relieve property owners and it may improve programs for some children, but it is not a device to bring more total dollars into the state education program. This raises two corollary questions. First, will there not be an emasculation of programs and services in districts who have willingly voted high taxes and have prided themselves on a variety of program offerings, relatively small classes, and highly trained teachers? In the interest of upgrading education for some children might there not be a down grading for others? Will equalizing opportunity lead to a level of mediocrity throughout the state? Secondly, what will happen to the property tax? Real estate is a form of wealth and it should be taxed. Quite likely, the state will increase its property taxes to seek more revenue as it attempts to equalize the property tax burden. Will there be uniform state assessment as this is done?

6. The problem of mediocrity will raise the question of the necessity for some degree of local initiative in finding local school budgets above state allocations so as to translate the educational objectives of a particular community into educational programs and services. If some degree of local initiative is granted, then will inequality of opportunity again result even if to a lesser degree? Parental choice is a right inherent in the popular voucher system concept, wherein parents would be permitted to seek schools for their children which they believed to be of quality but also schools that have curricula they consider relevant in meeting the needs of the children.

7. I don't believe any supporter of full state funding really means total funding by the state. I think most people always assume some degree of federal funding for education and that that money will go into the state to be used as a part of that state's appropriations to the educational budget. Such a position assumes that federal support will be in the form of general aid or revenue sharing. But can we make such an assumption in the absence of a definition of the federal role in education? On one hand we hear the proposition that there should be a trade-off--the federal government handle welfare and the states handle education. On the other hand the present revenue sharing plan of the administration would share revenue with states and municipalities without any earmarking for education; and where shared revenue in a particular state may help support education in that state, there is some fear that it might be accompanied by a reduction in local effort. Meanwhile we are faced with a maze of categorical programs, many of which are directed to local school systems which can qualify. By raising the issue of the federal role, I simply am saying that no well conceived plan of eliminating inequality of educational opportunity by full state funding can achieve its goal without articulating with a federal support program whatever direction it might take.

I raise these questions because they will be subjects for discussion and debate if a state seriously considers a plan for full state funding through the only process by which such a scheme can be planned and implemented--the legislative process. Some of the issues will be straw-men. Some will be genuine. And any plan that a state may develop will differ from that in another state. Every state has a complex of factors that will differ in kind and degree, depending on educational goals, present taxing patterns,

traditions of provinciality, and quality of leadership. Advocating an idea or reform by theory does not produce a result. Lobbying and compromise may produce results but the product may lack symmetry or be warped and hence only partly satisfy the goals sought.

To achieve a plan for full state funding in any state a rationale, a well wrought theory, or a list of arguments must be expanded to include the development of alternatives of model legislation designed to achieve the goal but sensitive to various attitudes and positions. These models should be examined in advance of the formulation of bills in terms of goals, practicality of implementation, and probable support.

Herein lies the challenge of developing politician-educator relationships that will constitute a team for planning and evaluation. This is no easy task. At the present hour, ECS is sponsoring a section meeting on the subject: Can the Educator and Politician Work Together? To achieve this goal the Education Commission of the States was formulated. There is a credibility gap between the two parties that needs to be bridged by developing better understanding, providing better interpretation, and by finding time and techniques to work as a team. There is a suspicion of motives on both sides but there is also sincerity in the belief that education is important. Defining mutually agreed upon educational objectives will be an important first step and conscientious efforts to appraise outcomes and identify programs, methods, and organizational structures that will efficiently measure school achievement must follow.

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The idea of full state funding has great merit. It should be espoused--but I doubt if it has come of age. It is still in the embryonic stage.

Let's hope in the decade ahead that it will mature, that there will be an identification of all the complex factors that make up the organism, and that these factors will articulate with each other and develop a symmetry and balance that will cause the plan to function as an entity, realizing that this can be achieved even though there will be individual differences among the states.

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